

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information		
1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number NT10BIX5570070	3. DUNS Number 147368641
4. Recipient Organization Massachusetts Technology Park 75 North Drive , Westborough, MA 01581-3335		5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011
6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No		7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.
7a. Typed or Printed Name and Title of Certifying Official Lisa Erlandson	7c. Telephone (area code, number and extension) 	7d. Email Address erlandson@masstech.org
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-16-2011	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).

MassBroadband 123 accomplishments for the quarter ending June 30th, 2010 include:

Administrative

-None this quarter

Procurements

-Successfully completed procurement for Design Build entity, executing a contract with the selected firm. This competitive procurement includes all construction materials and equipment to complete the project.

-Issued Request For Proposal (RFP) for Dark Fiber Indefeasible Rights of Use (IRU) for connection of the route to Boston

-Issued RFP for valuation of Interstate 91 segment of the network

Agreements

-Executed Two-Way Pole Attachment Agreement with National Grid

-Executed Two-Way Pole Attachment Agreement with Verizon and Two-Way Conduit Agreement

-Executed Memorandums of Understanding (MOUs) with the remaining municipal electric companies for expedited survey and application process; have obtained MOUs for all territory where field data collection is planned

-Finalizing Three-Way Pole Attachment agreements for the municipal electric companies of the towns of Russell and Princeton

-Continued negotiation of pole attachment agreements and IRU deals for remaining eight towns in which the agreements are required

-Continued negotiation on lease of meet-me room in One Federal Street in Springfield

Design and Engineering

-Received pole data for over 10,500 poles (34 towns) this quarter, totaling over 13,000 for the project

-Submitted applications for licensing and make ready for over 7,200 poles, totaling over 9,000 for the project

-Submitted 30 conduit applications for over 11 miles of conduit

-Prepared railroad crossing permits and Massachusetts Department of Transportation (MDOT) applications in anticipation of Design Build firm coming aboard

-Utility companies have begun make ready work

Jobs Created or Retained

-The Total Number of Jobs Created or Retained were 16.11 This includes the following positions:

1.The Massachusetts Broadband Institute (MBI) under the Massachusetts Technology Collaborative (MTC) jobs counted are comprised of various administrative and program positions. They are: Director, Deputy Director, Program Director, Outreach Manager, Procurement Leads, Executive Assistant, GIS Analysts, GIS Manager, Project Administrator, Interns and Federal Compliance Manager.

2.The MTC Vendor Jobs Created or Retained for Professional Services Consultants providing Programmatic, Engineering and Auditing services to MBI.

Community Outreach

-Continued community outreach with community representatives and obtained contact info for the governing authority of 60% of the towns in the network

-Developed letter of acknowledgement for Community Anchor Institution (CAIs) officials to sign for the purpose of verifying willingness to accept a connection to the network

Resources

-Hired Project Administrator

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	14	Tracking very closely with budget projections, 2% variance under baseline for cumulative reasons set forth below in this section.
2b.	Environmental Assessment	100	Complete. Construction has not begun, so monitoring has not yet begun. Compliance requirements with environmental mitigation was included in the Design-Build RFP and the owners project manager will oversee this work.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2c.	Network Design	65	Ahead on percentage spent by 29%, due to front-loaded costs in areas of Owner, Owner's Project Manager and Design Build procurement which has recently completed. Anticipated that variance will close next quarter
2d.	Rights of Way	27	Behind on percentage by 16%. This remains consistent with last quarter. Field data collection is close to complete and make ready applications will continue to gain momentum
2e.	Construction Permits and Other Approvals	2	Behind on percentage by 4%. Environmental and non-environmental permits applications withheld until final design achieved in collaboration with Design Builder. Make ready work will continue to ramp up and gains will be made on the variance.
2f.	Site Preparation	0	On par with last quarter's PPR projections and baseline
2g.	Equipment Procurement	0	On par with last quarter's PPR projections and baseline
2h.	Network Build (all components - owned, leased, IRU, etc)	12	Behind on percentage by 5%. Expenditure is representative of the I-91 portion of the build.
2i.	Equipment Deployment	0	On par with last quarter's PPR projections and baseline
2j.	Network Testing	0	On par with last quarter's PPR projections and baseline
2k.	Other (please specify):	94	<p>Ahead on percentage by 20%, however; there were no significant expenditures from this category this quarter which aligns with PPR projections and baseline. Costs included in the Other category are as follows:</p> <ul style="list-style-type: none"> • Federal Compliance Staff related costs • BTOP Non-Construction Staffing and Other costs (i.e. NTIA Conference travel, non-construction BTOP related staff time) • Application and Post Application Submission Costs as allowed under the NOFA and included in our approved budget including staffing and professional services • Staff, Consulting and Legal Costs associated with the Network Operator Procurement
<p>3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).</p> <p>Issues encountered include:</p> <p>-Design-build proposal bids were higher than expected leading to negotiations which delayed signing by approximately 2 weeks. The Design-Builder has a contract requirement to expend 55% of the available funds prior to the completion of year 2 of the grant award.</p> <p>-A bid challenge was received to the Design-build procurement</p> <p>-Make-Ready:</p> <ol style="list-style-type: none"> 1. Telecommunication's Make Ready estimates came in at a higher cost than expected. 2. Electric company's costs come in later than telephone companies and do not provide pole-level unit detail 3. Joint Pole-owner Space Allocation Table (JPSAT) is being enforced against the project resulting in a substantial increase in the amount, (and the subsequent cost) or make ready, including poles where no make ready is required under National Electric Safety Code. <p>NTIA could assist by:</p> <ol style="list-style-type: none"> 1. Providing guidance on ways that other projects are reducing telephone and electric companies make ready costs 2. Providing information on whether other projects are having costs increased substantially by enforcement of JPSAT <p>MTC is confident that the minor delay in execution of the Design-Build contract has no material impact on meeting the 67% complete deadline or project schedule. This is true due to pre-payment for make-ready, the plan to order most fiber and equipment prior to the end of this calendar year, and the higher overall cost of the contract.</p> <p>4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).</p>			

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	On par with last quarter's PPR projections and baseline
New network miles leased	0	On par with last quarter's PPR projections and baseline
Existing network miles upgraded	0	Variance of 55 miles from the baseline equates to those miles provided as match for this quarter but won't be considered "existing upgraded" until they are lit with BTOP funds in a future quarter.
Existing network miles leased	0	On par with last quarter's PPR projections and baseline
Number of miles of new fiber (aerial or underground)	0	On par with last quarter's PPR projections and baseline
Number of new wireless links	0	On par with last quarter's PPR projections and baseline
Number of new towers	0	On par with last quarter's PPR projections and baseline
Number of new and/or upgraded interconnection points	0	On par with last quarter's PPR projections and baseline

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	2
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	70

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Axia Networks, USA; Massachusetts Information Technology Division (ITD)

Axia, the Network Operator has had discussions with nine ISPs, but formal negotiations have not yet started on the agreements. MTC will count discussions as negotiations when developing memorandums of understanding and full contracts.

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:

No services are being offered at this time.

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (600 words or less).

MTC has hired Axia NGNetworks USA as a contractor to run the entirety of the MassBroadband 123 network. They will also assist with equipment specifications and network and fiber design during the construction period. Tim Scott, Vice President, may be contacted at Tim.Scott@axia.com

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	1	On par with last quarter's PPR projections and baseline. (Axia Networks).
	Providers with signed agreements receiving improved access	0	On par with last quarter's PPR projections and baseline.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving access to dark fiber	1	On par with last quarter's PPR projections and baseline. The Agreement MTC has with Massachusetts Information Technology Division (ITD) provides ITD with a right to dark fiber.
	Please identify the speed tiers that are available and the number of subscribers for each	0	On par with last quarter's PPR projections and baseline.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	On par with last quarter's PPR projections and baseline.
	Subscribers receiving new access	0	On par with last quarter's PPR projections and baseline.
	Subscribers receiving improved access	0	On par with last quarter's PPR projections and baseline.
	Please identify the speed tiers that are available and the number or subscribers for each	0	On par with last quarter's PPR projections and baseline.
Residential / Households	Entities passed	0	On par with last quarter's PPR projections and baseline.
	Total subscribers served	0	On par with last quarter's PPR projections and baseline.
	Subscribers receiving new access	0	On par with last quarter's PPR projections and baseline.
	Subscribers receiving improved access	0	On par with last quarter's PPR projections and baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	On par with last quarter's PPR projections and baseline.
Businesses	Entities passed	0	On par with last quarter's PPR projections and baseline.
	Total subscribers served	0	On par with last quarter's PPR projections and baseline.
	Subscribers receiving new access	0	On par with last quarter's PPR projections and baseline.
	Subscribers receiving improved access	0	On par with last quarter's PPR projections and baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	On par with last quarter's PPR projections and baseline.

7. Please describe any special offerings you may provide (600 words or less).
MTC plans on offering a 15% discount for wholesale offerings to our state partners, Information Technology Division and Executive Office of Public Safety and Security. Our state partners contributed matching funds to the MassBroadband 123 grant application and they have committed to being an anchor tenant on the new network

8a. Have your network management practices changed over the last quarter? Yes No

8b. If so, please describe the changes (300 words or less).
N/A

9. Community Anchor Institutions:
Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this	Narrative description of how anchor institutions are using BTOP-funded infrastructure
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			institution? (Yes / No)	
N/A	N/A	N/A	N/A	N/A

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

In the upcoming quarter MTC plans to:

Procurements

- Select winning bidder in Dark Fiber IRU RFP and negotiate contracts for IRUs
- Select winning bidder in I-91 Valuation RFP and complete valuation of I91 asset
- Design-builder to place orders for a majority of fiber and required construction materials

Agreements

- Execute lease agreement at 1 Federal Street in Springfield
- Execute Pole Attachment Agreements for utilities Granby Tel, Chester Electric, and Unitil
- Continue negotiations for fiber IRU agreement with Westfield, Chicopee, Holyoke, and South Hadley
- Execute agreements with Housatonic Railroad and begin filing for permits
- Begin filing environmental permits
- Begin negotiations for connection point in Boston for dark fiber IRU

Design and Engineering

- Receive pole data for approximately 17,000 additional poles for 90% total collection for the project
- Submit pole applications for 50 additional towns (approximately 12,000 poles, or 60% of the total project)
- Continue conduit application process alongside pole applications for each town
- Conduct final segment design for first segments of network to be built
- Begin inside plant design for CAI and POI entry and connection

Construction

- Refine construction schedule
- Continue make ready work on poles that have been applied for and for which make ready costs and estimates have been received and paid

Outreach

- Begin outreach and drafting of agreements for entry and connection to the CAIs and POIs in the network footprint
- Negotiate MOUs with Internet Service Providers (ISPs) and work towards contracts with ISPs to provide service

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	24	Overall project expenditures will ramp up rapidly in the next quarter due to (a) pre-payment of make-ready costs, (b) ordering of fiber and construction materials, (c) finalization of design by network segment including CAI and POI designs, and (d) start of construction.
2b.	Environmental Assessment	100	EA Completed. No further expenditures planned. Compliance requirements with environmental mitigation was included in the Design Build Request For Proposal (RFP) and the Owner's Project Manager will oversee this work.
2c.	Network Design	69	Only a 4% increase off last quarter due to costs shifting from Network Design to Rights of Way
2d.	Rights of Way	43	16% increase anticipated due to final push in field data collection and increased costs associated with make ready application fees
2e.	Construction Permits and Other Approvals	29	Expected to apply for many railroad, environmental and road permits, held because Design-Build firm required to complete construction drawings. Continue with pole applications and make-ready.
2f.	Site Preparation	25	First expenditures in this category anticipated to occur along the projected baseline

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2g.	Equipment Procurement	1	Equipment design will be completed this quarter and sufficient equipment to construct a test lab is planned to be ordered. Prepayment or a deposit may be required.
2h.	Network Build (all components - owned, leased, IRU, etc.)	19	Percentage may vary based on timeline for potential IRU acquisitions. Fiber deployment unlikely until the next quarter due to delivery delays and make ready lead time.
2i.	Equipment Deployment	0	On par with baseline projection
2j.	Network Testing	0	On par with baseline projection
2k.	Other (please specify):	97	Expect small increase in total percentage; outside legal and other procurement-related fees are mostly complete

3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

The greatest unknown will continue to be the make ready process, the work required to be completed, the associated cost and schedule impacts that may take place.

There have also been two major storms this summer that have caused significant damages and led to limited availability of appropriately staffed resources for the utility companies performing make ready work. We will continue to work diligently with the pole owners to find solutions and cost saving measures while keeping up the planned schedule of applications and reconciliation as best as possible.

Also, industry-wide delays in fiber delivery could have an impact on the start of fiber deployment. MTC would welcome advice or feedback from BTOP officials or other awardees regarding these topics and appreciate any best practices from other recipients.

There is the potential for a strike by Verizon's labor unions in August 2011. Should Verizon go on strike, then there is a substantial risk of delay. MTC is evaluating options to address this risk, but it represents a material obstacle to reaching substantial completion on time.

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$1,871,196	\$598,342	\$1,272,854	\$1,497,887	\$479,024	\$1,018,863	\$1,579,815	\$505,225	\$1,074,590
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$9,317,022	\$2,979,253	\$6,337,769	\$2,846,470	\$910,301	\$1,936,169	\$3,384,774	\$1,082,451	\$2,302,323
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$2,218,560	\$709,417	\$1,509,143	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$51,193,858	\$19,660,308	\$31,533,549	\$5,642,994	\$5,018,484	\$624,510	\$12,259,053	\$7,134,300	\$5,124,753
j. Equipment	\$7,044,808	\$2,252,680	\$4,792,129	\$0	\$0	\$0	\$46,755	\$14,952	\$31,803
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$71,645,444	\$26,200,000	\$45,445,444	\$9,987,351	\$6,407,809	\$3,579,542	\$17,270,397	\$8,736,928	\$8,533,469
m. Contingencies									
n. TOTALS (sum of l and m)	\$71,645,444	\$26,200,000	\$45,445,444	\$9,987,351	\$6,407,809	\$3,579,542	\$17,270,397	\$8,736,928	\$8,533,469

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: \$0

b. Program Income to Date: \$55,111